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Putin's visit strengthens ties

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IT was business from the word go. The two leaders, Prime Minister Datuk Seri Dr Mahathir Mohamad and Russian President Vladimir Putin, wasted no time and immediately got down to serious discussions.

Before the end of the day a deal for Malaysia to buy 18 Su-30 MKM fighter jets valued at US\$900 million (RM3.42 billion) was sealed. Moscow will transfer technology, buy Malaysian palm oil and train a Malaysian astronaut.

According to Putin's Press office, the President places great value on the contract to deliver to Malaysia 18 Su-30 air-planes. The contract will be of much benefit to the Russian aviation industry. In addition the Russia-Malaysia Business Council, first mooted by Dr Mahathir which will "generate new ideas and real mechanisms of long-term business co-operation", was launched.

The private sector also agreed to co-operate in business and to exchange information. DRB-Hicom has been appointed exclusive sales agent for Russia's JSC Scientific Production Corp IRKUT's Be-200 amphibious aircraft in Malaysia and other Southeast Asian nations.

Sapura Holdings and JSC Scientific Technologies Corp IRKUT plan to tap the lucrative avionics market in Southeast Asia which is estimated at RM100 million a year. The two parties signed a joint-venture agreement to improve and elevate the aerospace industry.

Co-operation in electronics, space exploration and other high technology sectors offer good prospects for co-operation.

On the trade front, both sides are keen to see increased flows and Dr Mahathir said that the range of products exported to Russia currently was small. He expressed a desire to see this range increased.

Putin said bilateral trade was growing rapidly, even "if the volume is not that great...the growth rates are very high. The structure of turnover is changing for the better, which is very important".

Bilateral trade totals RM2.18 billion and according to Russian figures it registered a growth of 34 per cent. Russia exports steel, machinery and fertilisers to Malaysia and imports machinery, palm oil and rubber products.

Much of the trade between Russia and Malaysia is conducted through third countries including Singapore and Dubai. It is time the business communities of the two countries deal directly and reap the benefits.

The first visit of a Russian leader to Kuala Lumpur in 35 years of bilateral relations set the stage for even closer co-operation and greater contacts at various levels. To facilitate greater business flows and people-to-people contact, Putin singled out three categories of visitors - business circles, politicians and students - who should be given special preferences.

"I do not think we should restrict contacts between people. We should take another path," he said in reply to a question at the business forum in Kuala Lumpur.

The special services and law enforcement bodies should work better. The problems connected with the war on terrorism should not hinder the development of business ties.

With increased prosperity and disposable incomes an increasing number of Russians are travelling abroad. This is an area that can be tapped. Malaysia is one destination that should be aggressively promoted.

Increased people-to-people contacts will help improve understanding and enhance relations.

Having seen Malaysia for himself and what it has to offer, Putin said in Samarkand, where he stopped on the way back from Kuala Lumpur: "We can consider Malaysia a platform from which to promote our economic interests in the AsiaPacific region."

Malaysia, on its part, is keen to become the gateway for Russian products in the region. Malaysia can also act as a base for after sales service and maintenance centre for Russian planes. Putin expressed the hope that these "plans would go ahead".

On bilateral relations, Putin said: "From the Russian point of view, they are a good example of relations with countries of the Asia-Pacific region."

The two countries are keen to strengthen, deepen and widen the existing relations. The stage is set as both sides hold similar views on a number of international issues. A strong advocate of multi-lateralism and a multi-polar world, Putin told the audience in Kuala Lumpur that by developing business contacts, strengthening co-operation in the region - within the Asean and the Apec frame-work - Russia and Malaysia will "enable peace, stability and security to be consolidated".

In this context he is keen for Moscow to be part of the Organisation of the Islamic Conference (OIC) process. With an indigenous Muslim population of 20 million Putin says: "I believe that Russia should be represented in the Organisation of the Islamic Conference."

Problems connected with the war on terrorism should not interfere with the development of business ties, he stressed.

Putin had postponed the visit due to the bombings at a concert in Moscow that killed 14 but kept his date this time despite the bombings at the hospital in Mozdok.

Putin said that "despite various problems we have been able to meet and discuss issues of bilateral relations that have long required attention. It should be noted that the issues we are dealing with are of a positive nature. This is helped by the development of our economies".

Bilateral relations are set to strengthen further with the boost given by Putin's visit and the commitment of the two leaders. And in recognition of Dr Mahathir's efforts towards strengthening bilateral relations Putin bestowed the Orden Drusby (Order of Friendship) - Russia's highest state award - on the Prime Minister. It recognises Dr Mahathir's contribution "to developing the system of international relations, relations founded on a just distribution of the benefits that globalisation offers".

Putin, in presenting the award, said: "I am giving you this award and wish you and the whole of Malaysia prosperity" and wished everyone "success in realising the interesting and large-scale tasks that lie ahead for business circles of Russia and Malaysia".